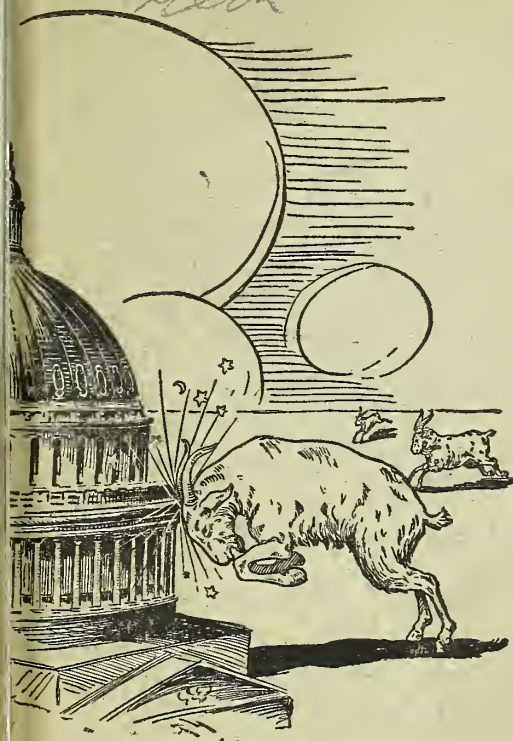
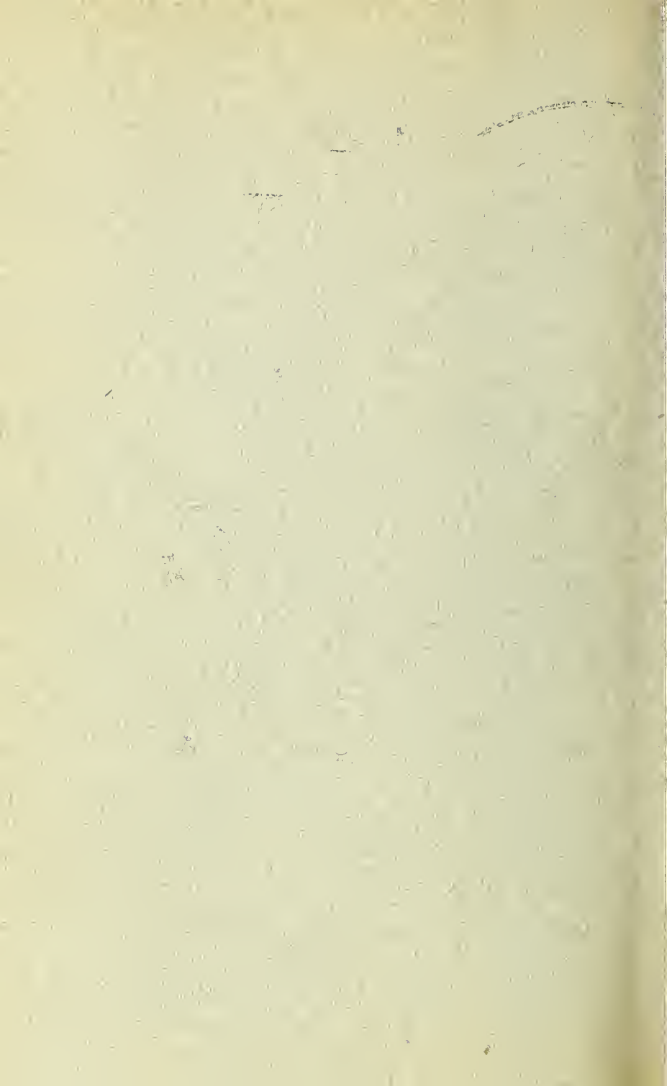


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G O A T S

By FRANK W. NOXON

SECRETARY, RAILWAY BUSINESS
ASSOCIATION

Two Talks delivered before the Kiwanis
and Rotary Clubs, Lima, Ohio, Jan.
7 and 8, 1924

 YOU will observe that my subject is "Goats." Before butting in among you I was assured that you were innocent of anything savoring of the hog on the one hand or the bull on the other ; but I inquired, "Does Kiwanis domesticate the goat?" Your ritual, I was told, is quite as free from that interesting animal. This allayed my fear of outraging your feelings.

The goat is a quadruped. He is celebrated in science, song and story. In the zodiac, capricornus has his fore part like a goat and his hind part like

a fish. Hence we often hear a goat called a poor fish. When we speak of the domestic goat we make no reference to his marital condition. The goat



Capricornus, the slump in railway purchases. About this time look for the industrial and agricultural goat who feels like a poor fish.

frequents rocky places and can subsist on scrap iron and obsolete Victrola records. He has a habit of skipping. Mostly he skips meals. It was Chauncey M. Depew, now at 89 still Chairman of the New York Central Lines, who in nominating Benjamin Harrison for President at Minneapolis in 1888 referred to "the inebriated chamois skipping from jag to jag." It is said that under the present regime there are no

inebriated chamois — the goat obeys the law and only man is vile. There are types of vileness. A student of natural history was asked by his pro-

fessor: "How does a goat smell?" He replied, "Awful."

There are also styles of goat. The species to which your attention is invited today is not a literal goat but a figurative goat, like the Swedish nightingale, the Irish bull, the Welsh rabbit, the mock turtle, and indeed the capricornus itself. He is the sort of goat who suffers disagreeable consequences not of his own making. For example, the board of directors of Kiwanis think they have done me to you upon the motion of their Vice-president, W. L. Breckenridge. As a matter of fact the whole thing was conspired by L. A. Larsen, his boss at the Locomotive Works. Mr. Larsen committed the crime. Mr. Breckenridge is the goat. You in your turn are goats.

Now if you get me thus far you understand what I mean when I observe that in the little matter of railroads as affected by a benevolent but sometimes feverish government Kiwanis



is a flock of goats. There is nobody I love more than a Congressman unless it be a Senator. But as some dead old statesman once said, they certainly have an itch to do something for the sake of doing it. Have you forgotten the young physician in Cincinnati out on his first case? He looked the infant over with such intelligence as he had accumulated and bade the anxious mother give him a tepid bawth every morning. "But," she cried, "I do give him a tepid bath every morning." "Well, then," replied the medic, "omit bawth."

If you will get Congressman Cable into the Club or some other place conducive to recklessness and ask him why so many of his contemporaries think it desirable to enact a railroad bill in the present Congress it is dollars to marks he will answer, "The people expect us to do something." Heaven knows the people have reason enough to expect it. They have seldom been disappointed. But if what you expect in this world is not always

what you get, sometimes what you get is not what you want. What I aspire to accomplish with you sportive specimens of the genus *angora* today is to put you in the mood of the lady in the popular song: "If I don't get the sweetie I want, God help the sweetie I get."

This man Larsen is an *angora* in his own right. You see there is down in New York a goat whom for the sake of argument we shall call Smith. Also Smith happens to be his name. Smith runs a railroad; and the men who run the railroads are all goats. If trouble cannot be blamed on anyone else it is the righteous and orthodox thing to find your goat amid the peaks and valleys of transportation. Have you heard of fundamentalism? Well, that is fundamentalism. If Smith doesn't have enough locomotives he comes at once into all his privileges as a goat. Therefore Smith keeps a young ibex whose caper is to estimate future traffic and the power necessary



to move it. This goat comes in and Smith calls out cheerily, "What is it, kid?" The juvenile antelope answers that it is necessary to order a couple of hundred locomotives. So they send for another goat, a cashmere, or financial goat, and Smith remarks, "Say, kid, we need a couple of hundred locomotives. Can we pay for them out of earnings?" "No," says his bookkeeper goat, "not all of them. We are scrapping some and we can replace those out of earnings but the rest have to be charged to capital account—we have to borrow the money." "Why?" asks Smith. "Because that is the rule of the Interstate Commerce Commission." "Oh," says Smith.

So Smith goes out to get the money. Downtown in Manhattan around Trinity Church they have people who buy or sell money. Smith goes to one of these hucksters and says, "Will you peddle some stock?" This guy laughs until the Trinity chimes vibrate. "Railroad stock!" he shrieks. "What's that? Oh, yes, I remember now. Ask

dad—he knows.” “How about bonds?”
“No use,” he answers, “but if you like
I’ll see how some of our consumers
feel. If they don’t want bonds shall



The wage earner skipping from jag to jag of
prosperity and hoping not to fall between
into the valleys of shut-down from
lack of railway orders.

I try equipment trusts?” Smith calls
him a gang of pawnbrokers and other
pet names but very reluctantly replies
yes. An equipment trust is a note
secured by a locomotive. If it isn’t
paid you don’t have to find somebody

with the money and the appetite to buy the whole railroad. You can sell the locomotive to another railroad, which can push it away and leave the road.

Well, the huckster phones Smith: "Nothing doing." "Not even trusts?" gasps Smith. "Noth-ing do-ing." "Why not?" Smith sobs. "Investors afraid of Congress." "But," cries Smith, "Congress isn't going to do us any damage." "You and I know that, but the investors don't believe it. You tell 'em."

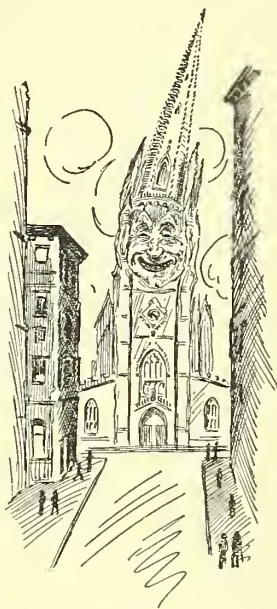
This goat here in Lima, Larsen, goes to Smith about an order for locomotives. "Noth-ing do-ing," says Smith. "But why?" demands Larsen. "You need a couple of hundred, don't you?" "Yep." "Then what's the trouble?" Smith tells him. "Well," says Larsen, "then our employees will be the goats. Shut-down." "Looks like it," murmurs Smith.

Of all the kinds of goats whom Noah sent into the ark two by two the most real simon pure aromatic

antelope is the employer who faces unemployed workmen and their families and tries to explain a shut-down.

Somebody butting at the gate. "Who's there?" "John Galvin." Galvin is a goat who makes steel castings and the like for locomotives. "Let that goat in," says Larsen. Here is where Larsen passes a part of the buck. "What's keeping you awake, John?" he inquires sardonically.

"What you going to need from us?" answers John. "Not a Troy ounce,"

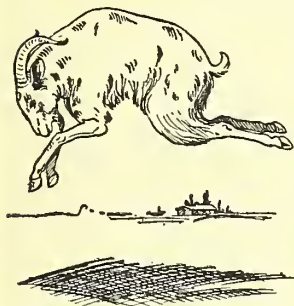


Trinity laughs at the mention of selling railroad stocks.

says Larsen, "and you'll be all-fired lucky if we don't cancel what's on your books now." "Why?" asks Galvin; and Larsen proceeds to rub it in on Galvin, who goes back to the Steel Foundry and orders the sign-painter to make a handsome new half-time poster. A few hundred more goats in Lima.

Have we with us today W. H. Stolzenbach, who ekes out an existence amongst the alps of wholesale groceries? Mr. Stolzenbach hasn't heard yet about the epidemic of goats over at the Locomotive Works and the Steel Foundry. One of his salesmen is hauled up on the carpet. The worthy Kiwanian brandishes a bad report. "Why?" he demands. He is impatient about this because of another little matter. Collections are putrid. The answer is that some of the locomotive goats and the foundry goats are feeding their families on credit or on short rations. The grocery stores have stopped buying and are asking for time on past accounts. Do I see in

the room F. D. Bradley, the Kiwanian who represents wholesale packing? Possibly at this stage of our little animal performance, he too has had on the carpet the problems of collapsing



This leap is the capriole. The animal hears a threat of railway legislation which will put him on the blink so he goes up in the air and kicks.

sales and decayed collections. More goats — Messrs. Stolzenbach and Bradley and their families and such employees as they send to pasture, and their families, and every retail grocer and butcher in Lima and

his family and the employees they lay off and their families. A tidy little flock of goats.

Coming into Lima yesterday morning at an hour when nobody was up except goats, I admired the row of

department and specialty stores on Main Street. Did I exclaim, "Ah, Rotarians and Kiwanians"? No. I whispered, "Goats." All these locomotive and foundry goats and wholesale grocer and packer goats and retail grocer and butcher goats and their families have cut down their purchases at the stores.

What does the epidemic do to the goats on Main Street? Page Oliver Steiner, banker. In that capric hour when the money-dealers around Trinity, Manhattan, report investors afraid of Congress and the goats breed fast and furious in Lima, what do you say, Mr. Steiner, to department store Rotarians and Kiwanians who drop in on you to negotiate accommodations? Is it true that the rule of your life is safety first and that you boost the rate but cut the amount and speak loud about collateral and by other surgical processes do a smaller business and shrink your own profits and smoke fewer of Mark Kolter's cigars and tell C. M. Paine when he phones

that you are going to drive last year's model another summer? Are you not therefore a goat and the breeder of goats in Lima?

Dr. A. C. Adams, have you noticed when the sun passes into capricorn that patients ordinarily desperate let nature take her course and cut you out?

W. S. Jackson, is it your learned observation that when Friend Larsen tells Friend Galvin "Noth-ing doing" your clients are too busy keeping their checks good at the bank to enrich you by quarreling among themselves?

The Rev. Sam Huecker, what effect has a pestilence of goats Sunday morning upon the contribution box?

James Morton, in the days when all these goats are ultimately consuming investors' terror of Congress do you find it a capering frolic—this secretary's job of maintaining the Board of Commerce budget?

So far as I know there is only one man in Lima who is not a goat and that is the individual who sells paint to indus-



trial employees when they have idle days at home.

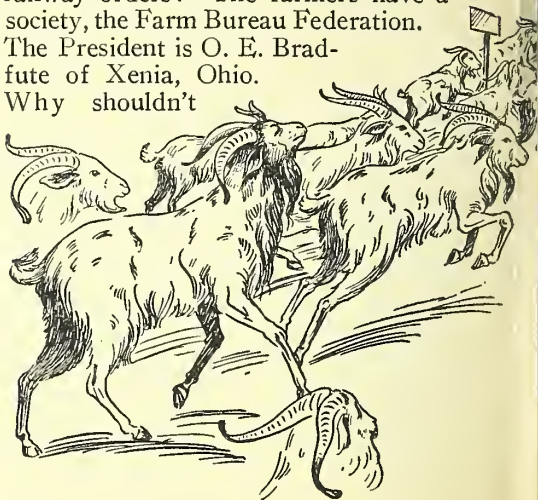
Out yonder on the Western farms and ranches and down South on the plantations are husbandmen who take from the soil the food which Mr. Stolzenbach and Mr. Bradley distribute in Lima, the cotton and woolen goods which Lima citizens outside the goat season buy from J. E. Morris, the Kiwanian clothier, and from the department and specialty stores on Main street. When Goat Larsen and Goat Galvin lock horns and put up the sign for "shut-down," goats appear in multitudes through those distant regions more than 80% of whose market is domestic. By some strange twist of human eccentricity, where in a bright world does the investor take his fright of Congress but just there on those farms and ranches and plantations? Down around Trinity Church the money-dealer might say to Goat Smith "You tell 'em"—meaning the farmers; and Goat Smith might reply, "The farmers won't listen to me;" and Smith might turn to Larsen and say,

"You tell 'em;" and Larsen might answer, "They won't listen to me;" and Larsen might say, "Galvin, you old goat, you tell 'em;" and Galvin might reply, "They won't listen to me;" and Galvin might pass the buck along and along and along. Well, what is the answer?

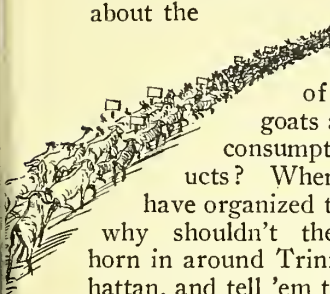
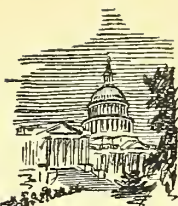
What would you think of Lima telling them? There are a lot of other Limas, who might be induced to co-operate. I haven't the December figures, but at the end of November the year of Congressional fright had seen hold-over orders for locomotives, all makers, drop from 1445 Jan. 1 to 739 Dec. 1—about half. Just now operation is nearly 100% in the locomotive works and perhaps 60% in the foundries. This is on orders held over from 1922 and placed new in the early months of 1923. Has it occurred to you that a resumption of orders on the earlier scale might have a pronounced control upon the birth-rate among Lima goats in the months soon to come?

The first place to tell 'em is Wash-

ington. Why shouldn't the goats of Lima ask Congressman Cable to arrange that if the Senate and House Committees on Interstate Commerce hold hearings Lima receive notice? While he is about it why shouldn't the Congressman himself make a list of Congressmen from those farms and ranches and plantations out yonder and tell them what they are doing to their domestic market by scaring investors into a slump period of railway orders? The farmers have a society, the Farm Bureau Federation. The President is O. E. Bradfute of Xenia, Ohio. Why shouldn't



t h e g o a t s o f
Lima get him here
and tell him or go to
Xenia and tell him
there — tell him
about the



serious problem
of birth control in
goats and its relation to
consumption of farm prod-
ucts? When the Lima goats
have organized to do these things,
why shouldn't they butt in and
horn in around Trinity Church, Man-
hattan, and tell 'em there—the money-
dealers—a message to investors—that
some determined and well-organized
goats in various parts of the country
are standing together to prevent the
damage which the investors fear?

At the Zoo they tell me the goat has
a special caper known as the capriole.
He leaps upward and while in the air
he kicks. If the goats of Lima and
of Limas everywhere desire investors
to believe Goat Smith when he says
Congress isn't going to do the rail-
roads any damage, let them go up in
the air and kick.

Question Box



HY does President Coolidge recommend a change in the consolidation provisions?

Undoubtedly because he has faith in those gentlemen who tell him these mergers must be immediate or we perish. Some of the rest of us have the impression that there is no hurry.

Do you remember the man who was denied admission at the pearly gate? St. Peter said, "Your name is not in the book. You can't come in here. You are keeping the line. Pass along." "But," insisted the man, "I have led a perfectly good life; I was a member of the Presbyterian Church; I gave one-tenth of my income to the poor. Please look again." So Peter sent a little blue angel in after more books, and the angel came out with one in his hand and showed Peter a page, and Peter exclaimed, "What do you know about that? Here is your name. You aren't due up here for 20 years yet. Who was your Doctor?"

Everybody knows who was the

President's doctor. It was Senator Cummins of Iowa, long Chairman of the Committee on Interstate Commerce. On most aspects the Senator believes amendments are not necessary now; but on consolidation he and his patients are knocking at the gate a long while ahead of time. Senator Cummins has on his mind the problem of the strong and weak road, both taking the same rates in competition and one having income enough to give good service while the other is starving itself and its public. He said "The strong roads must swallow the weak." The Senate Committee brought in and the Senate passed a provision that if a scheme of mergers were not complete in seven years then compulsion should be applied. The House substituted permission for compulsion and the Senate agreed. On a plan to that end the Commission has been holding hearings and will soon proclaim it. The mere preliminaries for a permissive plan have taken two years and ten months. How many years would be consumed in validating compulsion? To write compulsion into the statute would give us not consolidations but a



lawsuit. Ask the Rotary lawyer to estimate for you the number of years that would drag. St. Peter's 20 would not be far out of the way.

On top of that, will anybody guarantee that 19 systems created equal in income will remain equal any longer than is required for the differences in efficiency and energy among their managers to become manifest?

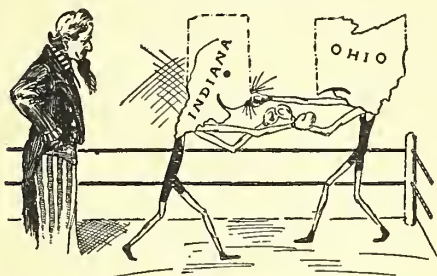
NO NECESSITY NOW.

What harm would it do to repeal the rule of rate-making?

Some months ago a certain radical Senator was reported sick. Another Senator who does not admire him remarked "Let us trust it is nothing trivial." Whenever your enemy wishes you a happy New Year it is a signal to reach for your pocket book. Who is it that wants to repeal the rule of rate-making and inquires what harm it will do? It is the man who wants to break transportation down and force seizure of the roads by the government. Either you think that would be harmful or you don't. If you do, then you are in order to retort, "If repeal

will do no harm why do you want repeal?"

They have made converts among intelligent citizens, utterly opposed to government ownership and the Plumb plan. These have been taught to say that the Interstate Commerce Commission would fix adequate rates without



Federal control. Uncle Sam, the umpire, seeing that no State hits another below the belt.

any such rule. Then why didn't the Commission do so before the rule was enacted? The Commission changed its course because it believed that was the national will. The evidence of the national will was the passage of the law. Repeal would be evidence that the nation has changed its mind.

The section of the Act which contains the rule is imperfect. Nobody is satisfied with it. Amendments are ultimately desirable. They can wait. The paramount thing now is to give the railway managers a legislative respite in which to build up their properties and service.

NO NECESSITY NOW.

Why should the railroads have a guarantee?

They shouldn't and they don't. Never in a single month since the provision went into effect has net income equalled the rate of return at which regulation was said to aim. Nobody made restitution. The government says to the roads, "We are going to make your rates and if even then you earn too much we are going to limit your income by taking back half over 6%; but in carrying out this scheme, which we inflict on nobody else whatever besides railroads, in order to cheer you up we promise not to go so far as to cripple you into impotence for public service. If we do take too much, try and get it." It is like Beau Brummel in the play. Mortimer, the valet, tells him the tradesmen are

below demanding payment. "Promise them something," says the Beau, "And—Mortimer, promise yourself something."

Probably the clause can be better phrased. By and by. NO NECES-SITY NOW.

Would scaling down railway valuation reduce freight rates?

There was a Scotchman in Toronto who complained of a reduction in the street car fares. They had been selling four rides for a quarter and changed it to five. The Scotchman came in furious. "Why," he said, "I've been walking down town every morning and saving car fare. Now I've got to walk five mornings instead of four to save a quarter."

The effect of lower valuations upon freight rates would be about as real. The paramount object of having railroads is the public interest. The goods must be carried. It requires a certain number of dollars every year to pay operating expenses, taxes, interest and dividends sufficient to attract capital for additions and betterments. It happens that for the sake of something to hang it on Congress has used valua-

tion as the base upon which to figure net income in rate per cent; but what difference would it make in the number of dollars required for the job if you cut the valuation in two? Would each dollar buy twice as much of what the railroads must have to serve the public? Certainly not. You would merely have to fix double the rate of return.

The only possible connection between valuation and expenses would be repudiation of bonds to save interest; and the American people are too shrewd even if they are not too straight to repudiate contract obligations legally entered into. Who are these gentlemen who urge scaling down valuation? Is there one among them who doesn't favor government ownership or the Plumb plan? For their purpose, scaling down valuation would be effective. But what is their purpose? It is to put a stop to the magnificent service which has given the nation prosperity and driven government ownership off the platform.

It is well to consider for future action improvements in the valuation provisions. NO NECESSITY NOW.

Ought Congress to order a reorganization of the rate schedule to aid the farmer?

That is, Congress, having created a Commission to perform the judicial function of deciding the right and wrong of freight rate relations between commodities and between groups of shippers, is asked to make those judicial decisions itself. This whole question of the reorganization of the rate schedule by reducing some rates and raising others has been before the Commission in concrete form ever since Mr. Hoover as Secretary of Commerce began urging it. The Commission replies that every specific case will be tried and adjudicated on the merits, that hundreds of thousands of such corrections are made annually all in the day's work, but that the principal need of shippers just now is stability of rates, not turmoil. That is their decision. Now they are to be ordered to make another one.

Can you imagine the uproar if Congress should order reversal by some federal court?

For myself I confess that whenever anyone proposes legislative rate-mak-

ing or rate-making under political pressure of any kind I get into the state of mind of the Irishman. He said, "I'm glad I don't like spinach; because if I liked it I'd ate it, and I hate the damned stuff."

Apart from the propriety of the proposed procedure, the thing itself is futile. It is easy enough to find rates to reduce, but where are you going to find groups of shippers coming forward with a patriotic cheer and begging to have the compensatory advances bestowed upon them? You have all heard of the man who was picked up in the street and carried to the hospital, where they diagnosed it first as acute alcoholism, but the alcoholic man was off for the day. The appendix man was on duty, so they decided he had appendicitis and sent for an anesthetist. Just as they were about to gas him he woke up and demanded "What are you doing?" They told him and he said, "I've had my appendix out twice already." The surgeon said that made no difference, as the anesthetist had come a long distance and his time couldn't be wasted. They cut him open and sure enough it had been removed. The surgeon

instructed the internes to tatoo on the man's abdomen, "Don't go in. No appendix here."



Uncle Sam's Carrier: Creditors are below, sir, demanding wages, supply money and taxes.

Uncle Sam: Promise them something.

Carrier; Yes, sir.

Uncle Sam: And—promise yourself something.

The Commission has already cut wherever it dared, eliminating in 1923 about \$500,000,000 of revenue.

It may be that one of these days we

shall face the question whether Congress can do the job better. NO NECESSITY NOW.

What hope is there for stopping the rise in freight rates?

Economies in railway operation. Any other nostrum is bunk. The trick must be turned by the railways and by the developers of mechanical improvements and progress in method. For years they lived from hand to mouth. Progress toward economy had been great. To foreign observers it seemed marvelous. If it had not been for that progress freight rates would long ago have been higher than anything we have seen. For economies had to overcome a steady and formidable advance in wages.

Such progress must continue if the railroad problem is to be solved. We postponed too long the reform of our government policy of regulation. The plant is consequently in arrears. This is true of improvements in the type of locomotives and cars, in track appliances, and in junction and terminal design. Now we have to pay for our neglect. For a while freight rates must be higher than we are accustomed to

in order that in the future the rise may cease. The struggle of the engineers and manufacturers against the inflation of expenses through wages and other factors is like a base ball game between colored gentlemen that I heard about in the South. The engineers resemble the team in the field. A visitor asked the centre-fielder. "What's the score?" "35 to nothing." "Who's ahead?" "They is." "They're walloping you fellows, aren't they?" "No, suh. We ain't been to bat yit."

If private initiative under wise regulation fails to produce the required economies after a reasonable trial, legislation may become timely. NO NECESSITY NOW.

Does not federal control violate state rights?

No. It sustains and enforces state rights. If Indiana tries to do something to Ohio federal control prevents her. If Ohio tries to do something to Indiana that is not right but wrong. The only advocates of state rights are those who want license to commit state wrongs. A Youngstown manufacturer tells how he was asking for freight cars and could not get them,

and saw empty cars rolling serenely past his window on their way to South Dakota. Will somebody suggest how that South Dakota wheat farmer could get a freight car sent him empty from somewhere east of Ohio if he had to depend on the railroad commission of South Dakota to get it for him? The authority is federal. It is the same with rates. Does Ohio want Indiana to pay less than her share of the revenue of railroads which serve both states and place Ohio in the position of either paying more than her share or putting up with poor service? Somebody has got to umpire it. There can be no other umpire than the federal authority.

Under the Act the Interstate Commerce Commission is directed to arrange co-operation with state authorities and has made great progress in that direction. If you hear anybody urging restoration of state control ask him to put his hand on his heart and say he was not sent by some state official who clings to his job.

If that provision will not remove the friction after a reasonable period, we can consider what to do next. NO NECESSITY NOW.

Ought the Labor Board to be abolished?

No. At present two camps face each other, one demanding abolition, the other demanding that decrees be made obligatory. That means deadlock. What has been going on is an excellent illustration of nature taking her course without legislative interference. The work of the board has dwindled. Company autonomy in dealing with labor has been restored. Negotiation has taken the place of strikes and the threat of strikes. No interruption of service is in sight. A bird in the hand is the noblest work of God.

It may be it can be improved upon. If ever the various groups of thinkers can agree on a substitute it will be timely to consider another arrangement. NO NECESSITY NOW.

With reference to transportation, what can business men do to promote general prosperity in 1924?

They can persuade Congress to try the Act further unamended and make unmistakable to railway managers and to investors that the demand for a legislative holiday is too strong for Congress to defy.

This assurance will sustain the flow

of capital into railroad improvements. Large-scale railway purchases began in January, 1922, precisely at the lowest ebb of general business. They have ever since been the largest factor in business revival. If the roads buy freely now, this will continue to maintain industrial pay-rolls and to provide a domestic market for farm products and manufactures.

The railroads by the same process will equip themselves to carry the tonnage and again as in 1923 meet the peak of load without those car shortages so often in the past disastrous to agriculture, industry and trade.

Success of the railroads for another couple of years in carrying the traffic offered will go far to remove apprehension about government ownership and to reassure those who fear railroads are but the first trench, with other forms of business awaiting the the socialist or soviet attack just behind. Stability of railroad laws now spells confidence all around, and the foundation of national prosperity is confidence.

Whatever amendment is proposed, the answer is that this is no time for tinkering. NO NECESSITY NOW.

RAILWAY BUSINESS ASSOCIATION
LIBERTY BUILDING
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